G. R. S. IX-5]

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GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for May 1904.

SUBJECT.

Report on the working of the Agl. Bank at Maudya, Mysore Dt

Indexed

W D 88—GPB—50,000—24-7-16

248
12-6-03

(General Serial No. 30.)

1902-1903

From

The Deputy Commissioner,
Mysore District

To

The Inspector of
Agricultural Banks
in Mysore,

Dated 9th
Despatched 10th June 1903,

Received

General No. 2657 } 1903.
No.

Enclosures Number. One file

RT 114 of 95.

Dtd 9
41 1902

Serial No. 1

Has the honor to forward herewith the report of the Sub-division officer at French Rocks relating to his inspection of the Agricultural Bank at Mandya, made on the 18th May 1903. The undersigned's review on the Sub-division officer's report and also the statistical returns for the year 1901-1902 are also enclosed.

Yours obedt servt
Dy Deputy Commissioner
Mysore District.

GOVERNMENT
DEWAN'S OFFICE
RECEIVED
15
1903

R15

No. 454
Enclosure Note

Submitted to the Secretary to the Government, Genl & Rev Depts, with the undersigned's notes.

30-6-03 C. Ramadasaraniengar
Insp. of Agl Banks

2 7.7.03 Filed and ack 10/7/03

Memo

Review of the Deputy Commissioner on the report of the inspection of the Agricultural Bank at Mandya held by the Sub-Division Officer at French Rocks on the 18th May 1903.

Para 5. This is irregular. The agent should be asked to have the new villages registered at once.

Paras 8 & 11. 2. The order of Government no: 580-2 RJ. 114-95 dated 28th July 1902 quoted by the Sub-Division Officer distinctly says that Government are pleased to authorize the payment of the further advance applied for viz Rs 2300. As against this clear order of Government, the order of the Inspector of Agricultural Banks, which dates so far back as the year 1897 cannot prevail. There seems to be no objection to the Bank transacting with the funds at its credit up to the limit of Rs 12000 to which the loan was subsequently reduced.

Paras 14 and 20.

3. The Sub Division Officer in the concluding portion of his report remarks that the present agent and the President appear to be working actually and with interest, but the facts as reported do not seem to suggest this opinion. It is evident from the remarks made in para 14 of the report that the amount of instalment overdue from the members is Rs 4494-0-0 and that of interest yet to be recovered Rs 1313-3-0 and that "penalty has not been recovered in any case from merciful consideration.

I am inclined to approve of the Para 20. Sub Division Officer's recommendation to allow the Bank to draw the balance at its credit and to utilize the same in granting loans. In the order quoted above the Government have unmistakeably declared their willingness to render the Banks any possible assistance whether pecuniary or otherwise, so long as there is no mismanagement & maladministration.

I would at the same time impress upon the
Sub Division Officer the necessity for strictly
enforcing the payment of the arrears due to
Government from this Bank (both on account
of principal and interest) at once.

Deputy Commissioner
Mysore District

NS

I

Report on the Inspection of the Agricultural Bank at Nandya.

1. Date of present inspection. — 18th May 1903.

2. Whether there is a duly registered suitable Bank office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered. — 2. Yes. No change since last inspection.

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done. — 3 No business is transacted just now. Only steps are being taken to recover outstanding debts. Hence no hours are fixed for transaction of business every day. As the Bank is located in the Agent's house, he will be always available to persons having business with the Bank. From 11th September 1901 to date of present inspection there have been transactions only on 22 days

4. Whether the Bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the Bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility. — 4 The Bank registers &c are kept in the Bank premises

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village, whether there was proper sanction for it.

transacted in the court by of the Agent. None kept otherwise.

5. Members belong to 15 villages out of which 11 appears to have been duly registered as per Government proceedings Dated 29.9.1896 and year No 1899 dated 26.3.1898 from the Inspector of Agricultural Banks to the Agent. The marginally noted 4 villages have yet to be registered.

Out of the total of 42 members, 29 reside within 3 miles of the Bank and 13 within 15 miles. of the Agent, President and 5 directors, two have since died from plague. The Agent and the president live at Mirudga and the 3 directors at a distance of between 8 and 15 miles. Business was not extended to new villages since last inspection.

(1) Mirugala
(2) Gejjalgiri
(3) Hulikini
(4) Mylooor.

6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the Bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the Bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6. There has been no change in the number of members since last inspection.

In case of joint-Hindu families there is proper representation of interests could not involved. The Bank shows any improvement since last inspection as the Bank's transactions were ordered to be closed except in so far as they related to the recovery of debts were ordered by the Inspector of Agricultural Banks to the Agent.

No 506 of 16. 9. 1897.

7. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained; if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the Bank. Any notable instances of new acquisition or improvement since formation of the Bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the Bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the Bank at date of inspection.

A list is maintained it is taken complete and accurate. ~~entertained~~

There was no fluctuation in the number of members.

No new acquisition or improvement.

No notable instances of sale &c

~~Since~~, the solvency of the Association is not affected.

alienations or relinquishments prejudicial to the Bank's interest have not occurred but no guarantee has been obtained against such

such alienations and relinquishments. The present Agent has prepared an unauthenticated list of properties of the existing members there is no authenticated list. According to this unauthenticated list, the aggregate value of property mortgaged to government is Rupees 60400 + 29015 or 89415 Rs. The original list prepared when the Bank was established in September 1896 appears to be in the District Office.

8. The limit of Rs 20000 fixed at formation was reduced to Rs 12000 as per government order no 580-2 R.J 116-95 dated 28th July 1902. The limit was not exceeded.

Cost classifying the funds appended.

The Bank has no arrears during the year of formation by the then President and the Agent. Its freedom of action was therefore restrained by

8. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the Bank had in its dealings unauthorizedly exceeded the limit and if so, how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived, *viz.*—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in cash and (2) in grain, deposits from outsiders, debentures etc. Note whether the Bank's credit is well established and sustained, or steadily growing; if otherwise, to what extent such result is due to any action or omission of the Bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

	Rs. a. P
Entrance fee.	11—0—0
Loans from Government.	9700—0—0
Total	9711—0—0

II

by order no 506 dy 14.9.97 issued by the Inspector of Agricultural Banks directing that no further loans should be given to members, that loans already given should be recovered and remitted to the Treasury and that the Bank should not draw any more money from the Treasury than the sum of Rs 10200/- already drawn. Hence the Bank's credit is not growing as its power of doing useful business is crippled by the aforesaid order. The members are intelligent enough to understand the lessons of co-operation &c.

9. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the Bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of Sections 74 and 75 of the Articles of Association; and state reasons for such opinion briefly and concisely.

9. The terms of the payments were duly complied

settled only on February last and the annual instalment was fixed at Rupees 1200. The first instal-ment which fell due for 1901-1902 will be recovered from the amount of Rupees 2300/- ordered to be paid to the Bank in Government Proceedings No 580-2 dated 28th July 1902 to bring the loan to Rupees 1200/-, as per order of the Deputy Commission No 782 dated 28th February 1903.

The amount outstanding against the Bank this day is

Govt. loan 9700-00
Interest due to Govt. 789-6-4
10489-6-4

Rs 10489/-6/-4. The loan may be continued to enable the Bank to recover the debts for which there is ample security.

10. As regards loans and deposits from others, note the terms allowed, generally in regard to rate of, interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way, in excess of the Bank's requirements or of what local conditions of credit, prudential considerations and the progress and well-being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually, completely and satisfactorily.

10. The Bank has not received deposits or loans from others. The other queries require no answer.

11. As regards the Bank's transactions, compare the Cash Book with Ledgers, Receipts, Chalans, Cheques, Treasury Pass Book, Contingent and Establishment Registers, Documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note b[illegible] such as are considered to be grave. In the case[illegible] corrections, see if they are initialled by the Pres[illegible]t and Agent, and if any of the corrections are not satisfactory, note briefly your objections.

11. The Cash book was compared with the Ledgers &c. It is posted up and maintained in accordance with the requirements of the Bank rules.

There are no grave omission or discrepancies. There was one correction not initialled and it was got initialled by the Agent during this inspection.

See if disbursements were duly authorised and are supported by proper vouchers.

The disbursements are duly authorized and are supported by vouchers except in two instances in which 50 and 100 Rupees have been paid to Lawyers for filing suits against the Bank's debtors. The Lawyers receipts

Were the charges incurred under Establishment and Contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the Bank's chest. Are instances frequent of the transgression of the limit fixed in the Articles of Association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President.

receipts have not been obtained and it is understood that they decline to give receipts.

The charges incurred under Establishment and Contingencies appear to be real and necessary. Rule regarding gratuitous service is respected.

date of last entry in the Cash book is 18.5.1903. and the cash balance on this day was Rupees 203.13.5.

The limit (of 500 Rs) of Cash balance in the hands of the Board of directors is not exceeded. About 250 Rs are generally found to be in the hands of the Agent to meet expenditure such as of paying Kamdars on defaulters whose lands have been hypothecated to the Bank and paying Lawyers for suits to be filed on behalf of the Bank &c.

The facility for keeping current account with the Treasury has not

Note the general results of the Bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the Bank is correct in all particulars.

RECEIPTS.	Rs. a. p.	EXPENDITURE.	Rs. a. p.
From Treasury	10200-0-0	To Treasury	
„ Depositors...	50-0-0	Current acct. principal repaid ...	500-0-0
Entrance fee	11-0-0	Depositors ...	50-0-0
Interest and penalty ...	1965-7-11	„ Members, loan	10750-0-0
		„ Govt. on acct. of interest ...	1674-139
Loans repaid	2420-0-0	Depositors,...	
Other items ...	1-12-0	„ Printing charges ...	6-8-0
		„ Establishment.	335-0-0
		„ Contingencies	382-4-3
		„ Other charges.	225-11-6
		Cash.	203-135
Total	14628-3-11	Total	14628.3.11

12. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in Section 42 of the Articles of Association, the General Assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favor particular individuals, and had such instances produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non-application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

not been utilized as the order of the Inspector of Agricultural Banks No 506 dated 14-9-1897 is understood as prohibiting the Bank from withdrawing moneys paid by it into the Treasury but the order does not seem to convey any such prohibition and the Agent may therefore keep current accounts with the Treasury maintaining cash balance in his hands.

No complaints or cause for suspicion.

Statement noting the general results appended.

The Cash balance sheet last submitted by the Bank is found to be correct.

12. No limits prescribed by General Assembly.

No. No transgressions to be rectified. No. The system of tendering darkhasts for loans were not in vogue here before the late Agent and president were

Note the sums obtained and used for the several purposes indicated in the appended form.

Amount obtained.	Rs.	a.	p.	Amount spent.	Rs.	a.	p.
1 To discharge encumbrances.	2430	0	0	1 For discharging encumbrances	2430	0	0
2 To " other debts.	8320			2 To discharge other debts	8320	0	0
3 For agricultural purposes.				3 For agricultural purposes			
(a)				(a)			
(b)				(b)			
(c)				(c)			
(d)				(d)			
				4 For other purposes			
				(a)			
				(b)			
				(c)			
				(d)			

been removed from office for mismanagement. Since their removal, the Bank has not been lending money as per the aforesaid order of the Inspector of Agricultural Banks.— Not watched as the objects for which loans were granted have not been maintained in any of the Bank Records. No instance of loans having been used for trading etc since removal of the late Agent and the President stated. (vide margin)

13. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title-deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference, if any, with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts, &c., obtained had been produced, and in case of notable exceptions when they are expected to be produced.

13. Out of the 18 members who have borrowed money from the Bank 14 members who are the proper persons have executed the mortgage deeds in the prescribed form. The mortgage deeds of the remaining four are in the usual form in vogue before the printed forms supplied by the Inspector of Agricultural Banks was decided to be adopted vide his Govt No 1157-1203 dated 27.11.97 on 20 addressed to the Bank.

The bonds are all duly registered. discharged mortgage deeds to the value of Rs 2430 have been produced and the Agent and the President say that there are no more such deeds to be recovered from the members. It is not possible to find out from the deeds executed to the Bank how many previous mortgage on existed and of what amount.

The proportion of loans of 1st class to the amount of

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.
Rs 8210	"	"	Rs 120	Rs 8330	Rs 16925
	"	"			

14. As regards punctuality, completeness or otherwise in the payment of dues by members. Note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the Bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears, if any, how explained and when expected to be paid.

If property mortgaged to as 1 — to 2·06. No such case.— Where are no loans either of the 2nd or the 3rd class yet to be recovered— None obtained as the members say that such receipts have not been granted to them — by their creditors — Statement of particulars in the prescribed form is appended.

14. No. of defaulters are 17 out of 20 (4 office bearers and 13 members)

The amount of instalments overdue is Rupees 44 94-0-0

The Amount of 2nd and 4th class loans overdue is Rs 120/-

The cause of large arrears and large no: of defaulters to said to be a succession of bad Agricultural years and prevalence of an plague at Mandya and surrounding villages

IV

voltages. In the case of defaulters slips are being taken to recover the arrears by issuing notices and filing suits. Renewals are not many and they have been granted with discrimination.

Penalty has not been recovered in any case from mercantile consideration. Interest recovered is Rs 1945-7-11 + that yet to be recovered is Rs 1313.3.0. Government interest paid is Rs 1674-13-9 and Rs 789.6.4 has yet to be paid. The Agent states that the balance of interest due to Government will be paid up before the end of June 1903. The delay is attributed to the mismanagement of previous Agent, prevalence of plague, and bad seasons.

15. The amount of surplus as per Bank accounts on date of inspection, was Rs 95.6.7

15. As regards surplus, Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half-year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the Articles of Association or other provisions of law.

16 The rules are understood and are given effect to. No meetings were held during last year and only one meeting has held in the current year. No extraordinary meeting have been held. Notices had been duly given to members for ordinary meetings. The members are now taking interest No such feelings now. No special resolutions were passed as there were no extraordinary meetings. None inconsistent with the Articles of Association or other law.

17. As regards Board of Directors, note whether nd how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

17. The Board has met only thrice since the Establishment of the Bank and their resolution are recorded in a book. The Present Agent and the President are working with zeal and seem to take special interest for the progress of the institution

18. As regards supervision, whether any and what arrangements the General Assembly had made for control and audit, are they effective and satisfactory?

18. The General Assembly have appointed 3 auditors who check and audit the accounts and the Directors and members also

Also occasionally supervise the doings of the Bank officials and scrutinize accounts. There is scope for improvement in this direction.

19. As regards registers and accounts, see appended list, note therein which of them is kept and how.

I.	Register of members	properly kept
II.	,, of applications for loan	Date
III.	Cash book	properly kept
IV.	Ledger	properly kept
V.	Minute book	Kept
VI.	Register of balance sheets	Loose sheets kept
VII.	Property register	Duly Kept
VIII	Register of monthly cash abstracts	,,
IX.	Register of bonds	not Kept
X	Receipts by Bank	Kept
XI.	Depositors' ledger	not kept
XII.	Treasury pass book	Printed Book Kept but not written up
XIII.	Chalan book	Kept
XIV.	Cheque book	Kept
XV.	Receipts by members to Bank	Kept
XVI.	Register of Directors	Kept
XVII.	Register of Directors' Proceedings	Kept
XVIII.	Register of appropriation of loans	not kept
XIX.	,, of contingent expenses	not accurate kept
XX.	,, of disbursement of pay to establishment	Kept
XXI.	,, of From letters	Kept
XXII.	,, of To letters	Kept
XXIII.	Visitors' book	not Kept

19 Detailed in the margin

20. General remarks regarding the state of the Bank.

20. Loans after the Bank came into existence, its business was so far discouraged as to lead to the necessity of replacing the honorary Agent and the President and ordering a suspension of the granting of loans to members. The total loan at first sanctioned by Government for this Bank is Rs 20000 contributing to

Mr Chengiah Chetty considered this course necessary in the interests of the innocent among the members. It was expected that the bank authorities would exert themselves to set matters right in a short time. In 1899 and 1900 I paid five or six visits to this bank, and spoke to the authorities, besides writing to them, and on one or two occasions giving them the help of my accountant. Time after time they were found not to have completed the work of rectifying the errors pointed out. The late President who was responsible for the mismanagement had gone away; his partisans whom he had favored with large loans (some of them were alleged to be nominal, he himself having been stated to have taken the moneys), would not respond to any notice; and there was split among the others. The new President and Agent were unable to convene a quorum of members for a long time or to submit balance sheets.

to the said mismanagement it was reduced to Rs 12,000 in July 1902 (Vide Government order $\frac{580-2}{R\ 7116-95}$ dated 28.7.1902. Out of this 12,000 Rs, the Bank had drawn Rs 9700 and the balance viz Rs 2300/- was at its credit. But the order of the Inspector of Agricultural Banks already referred to having directed that the Bank should cease to grant loans and should confine itself to recovering its dues from the members and pay it into the Treasury towards liquidation of the loan obtained from Government, there is no scope for the present Agent and the President for improving the Banks usefulness. They therefore pray that they may be permitted to draw the balance of Rs 2300 at Credit of the Bank minus the amount of the 1st instalment

two

viz

V

Two of the directors told me more than once that no further sum should be advanced by Government until the outstandings due by members were fully recovered and paid to Treasury. Matters, however, improved in 1901 on the return of the late President, and during his acting incumbancy, Mr Chengiah Chetty was able to report in August 1901 that the irregularities &c had been rectified. After this again, when the plague broke out at Mandya, there was neglect and apathy on the part of bank authorities. The Agent went away to Madras and Mysore virtually closing the bank for a long period during which no business was done and no account could be got. I am glad he has returned since and shown signs of activity

30-6-03. B Ramachandra Iyengar
Insp[r] of Ag[l] Banks

viz Rs 1200 due to Government, to enable them to grant loans and show that under good management the Bank may yet regain the confidence of Government and prove its usefulness.

The Deputy Commissioner in his order no 782/197 dated 28.2.03 returned to the Inspector as per docket received from the Inspector of Agricultural Banks who directed that the balance of Rs 1100 should not be paid to the Bank. The Inspector has, in his docket to the Deputy Commissioner said that the balance should be withheld from the Bank until it should show signs of activity since the present Agent and the president appear to be working actively and with interest, their request to

To draw the balance
at credit of the Bank
Drugs be granted.

N. Venkatarao
Sub Division Officer
Devikapuram

Comptd
Jeeva

Mysore Govt., Gen. & Rev. Secretariat

Branch

File No. (if any) and its date—

Section BRG

File No. 41 1902

Serial No. 2

DL

R 421 & 4-8-03.

4.

Office Draft.

Progs. of the Govt. of H. H. the Maharaja of Mysore.

Read:

Letter No 454 & 30.6.03 from the Inspector of Agricultural Banks, submitting the report on inspection by Mr. N. Venkata Row, Sub-Division Officer, French Rocks, of the Agricultural Bank at Maudya, received with docket No 2657 & 9.6.03 from the Deputy Commissioner, Mysore District.

Order: No

Recorded with the following observations.

1. The attention of the bank should be drawn to the early rectification of the defects and irregularities noticed by the Sub-Division Officer and the Deputy Commissioner.

2. Two of the directors are reported to have since died of plague and the other 3 to live at a distance of 8 to 15 miles from the bank office. The attention of the bank should be drawn to para 27 of the Articles of Association to Consider an

Assembly to elect 2 directors in place of the deceased and to the advisability of electing other directors also from among members living in the neighbourhood of the Head Quarters of the bank.

3. The bank should be asked to maintain at an early date an authenticated list of property of members.

4. No meeting was held last year and there was only one meeting in the year 1902–03. The attention of the bank should be drawn to para 9 of the Articles of Association.

5. The following registers and accounts which are reported to be not kept should be maintained.

IX, XI, XVIII, XIX & XXIII.

6. It is reported that the arrears of interest and principal to be collected by the bank amount to Rs 5927/12.

Rs 2300 at its credit in the Treasury which was allowed to be drawn in Govt Order No R 580-2 RF 114-95 dt 28.7.02 to bring the loan upto Rs 1200/- But the instalments and interest due to Government upto the close of the year 1902 03 amounted to Rs 3383 as particularized in the margin. Taking the amount of Rs 2300 at its credit towards payment of Government dues, there will still be a balance of Rs 1083, which the bank should be required to clear at an early date by cash payment.

Rs
1200 Amount of instalment for 1901-02
1200 Do — 1902-03
3383 31st Dec 1902
Half year ending June 1903

3/7/03

3/7/03

3/7/03

K-1421

1904

From The Deputy Commissioner
Nagpore District

To—
The Secretary to the
Government of Nagpore
in the Revenue and
General Department

Dated 20th Feb. 1904
Despatched 22nd Feb. 1904
Received

General No. 466
No.

Enclosure No. one file

Submitting the Inspection report on the Agricultural Bank at Mandya

Page

MGCPB—50 ream—16-12-02

File No 114 Mandya
Inspection
29/3/04

To

L. Anantasami Rao Esq^r B.A.
Secretary to the Government of
Mysore in the Revenue and General
Departments.

Sir

In submitting herewith the report on the 18th annual inspection of the agricultural bank at Mandya for the year 1903-04 made by Mr. B. Krishna Rao, Assistant Commissioner together with statistical returns for the year 1902-03, I have the honor to state as follows:-

2 The report discloses that the affairs of the bank are still in a very unsatisfactory condition, that they have not improved since the date of last inspection and that the several defects and irregularities noticed in

in Government Order No: R 421 dated the 4th August 1903, have not been rectified. But as the interval between the date of inspection and that of the Government order referred to was very short, the Bank apparently had not sufficient time to mend its affairs.

3. In the last para of the enclosed report, the inspecting officer has offered some practical suggestions with a view to bring the affairs of the bank to a proper working order. A copy of this report as also a copy of the Government order above referred to have been sent to the Sub-Division Officer of French Rocks who has been requested to report after careful inspection, how far the irregularities brought to light during the two previous inspections have been set right and whether in his opinion it is advisable to continue the Government loan any

any longer.

4. He has also been requested to get a correct list of the properties belonging to the members, prepared by the Amildar, and to forward it to this office at an early date for submission to Government

I have the honor to be,
Sir,
Your most obedient Servant

Deputy Commissioner
Surat District

Report on the Inspection of the Agricultural Bank at Munagala in Munagala Taluk Myaree district

1. Date of present inspection.	22nd, 23rd & 24th August 1903.
2. Whether there is a duly registered suitable Bank office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.	Yes. A portion of the agents house is used for the Bank office no.
3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.	no - It is learnt that the business has been held in abeyance for a long time as per orders of the Inspector of Agricultural Bank. Even tho the above order was withdrawn still no business is transacted regularly as is seen from the Office Registers.
4. Whether the Bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the Bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.	Yes - The registers are kept in the Bank - The cash & the documents are in the custody of the agent. There is no provision in the rules framed by the general Assembly authorizing the agent to take charge of the cash & the valuable documents - The President has left every thing in charge of the agent on his own responsibility -

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village, whether there was proper sanction for it.

Several of the villages are beyond 5 miles: viz
Kudavur Gundi 8 miles
Hanumalapura 15 miles
Bhemmakere 15 do
Hallikere 15 do
Gopalapura 15 do
Except the agent & the President none of the office bearers reside at or near the Head Quarters. one of them viz Anandalwar is at Bangalore - One at Hulvalli and the rest at a distance of not less than 8 miles -
Two new villages have since been included and the records submitted for sanction -

6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the Bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the Bank has gained or lost in strength, energy and usefulness since formation or last inspection.

There were 20 members at the commencement - 26 members have since joined the Bank - Four have been removed - viz 1. Dasappa 2 Narasimma (3) Kempe Gowda & 4 Kuttappa Lyengar the first four having joined the Bank at Satnur and thereby for being defaulters as per directors proceedings

I cannot therefore say that the Bank has gained in strength since last inspection as no attempt has been made for its practical working and usefulness to the members -

There has been no change since last inspection

Yes.
Registered. So much of the share in the property belonging to such member has been hypothecated to the Bank -

7. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained; if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the Bank. Any notable instances of new acquisition or improvement since formation of the Bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the Bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the Bank at date of inspection.

Yes
It has not affected the united credit of the Bank.
Lands belonging to one Dasappa since removed have been sold by the Civil Court subject to the payment of the dues to the Bank. The amount has not yet been recovered -
No suits have been pending on the subject - Loans amounted to Rs 16,925 - by those who have borrowed property from the Bank -
Value of the property mortgaged to the Bank Rs 16,925 - by those who
Liabilities of the Bank at date of inspection Rs 9,700 - one

8. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the Bank had in its dealings unauthorizedly exceeded the limit and if so, how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived, viz.—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in cash and (2) in grain; deposits from outsiders, debentures etc. Note whether the Bank's credit is well established and sustained, or steadily growing; if otherwise, to what extent such result is due to any action or omission of the Bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

Nil - Class limits have not been exceeded or reduced -

entrance fees Rs 11 - 4 - 4

loans from Govt. Rs 10200 - 4 - 4

I am afraid the credit of the Bank is not well established

The negligence of the work by the office bearers, the non-payment of the loans by the original members even after the lapse of the contracted period and the absence of funds in the hands of the Bank for current transactions on the part persons, have contributed much towards the decay of the Bank's credit -

Nil.

9. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the Bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of Sections 74 and 75 of the Articles of Association; and state reasons for such opinion briefly and concisely.

The agent says that no orders have been received by him fixing the terms and the amount of each instalment for repayment of the Government loan - Hence no instalment paid except Rs 500 paid towards repayment.

Rs 9700 - 4 - 4 are due -

vide remarks under Question 8

10. As regards loans and deposits from others, note the terms allowed, generally in regard to rate of, interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way, in excess of the Bank's requirements or of what local conditions of credit, prudential considerations and the progress and well-being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually, completely and satisfactorily.

no deposits or loans from others have been received in this Bank. no rules framed regarding the time for repayment & the rate of interest. there are no such transactions in this Bank -

11. As regards the Bank's transactions, compare the Cash Book with Ledgers, Receipts, Chalans, Cheques, Treasury Pass Book, Contingent and Establishment Registers, Documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave. In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory, note briefly your objections.

11

daily cash transactions are not closed & signed by the agent & President Leger was got written up to date in my presence — Treasury Pass Book not maintained there is a Register but there are no entries in it — Establishment Register not maintained — a Register for documents has been opened — Nil — Nil when little or no business has transacted Contingent Charges could have been reduced wholly or in part — but this has not been done — Nil.

See if disbursements were duly authorised and are supported by proper vouchers.

10-8-03.

Were the charges incurred under Establishment and Contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

Rs 234-13-5

no

no

Nil.

no

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the Bank's chest. Are instances frequent of the transgression of the limit fixed in the Articles of Association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President.

Note the general results of the Bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the Bank is correct in all particulars.

RECEIPTS.	Rs. a. p.		
From Treasury ...	10 200	—	—
„ Depositors...	50	—	—
Entrance fee ...	11	—	—
Interest and penalty ...	2 000	7	11
Loans repaid ...	2420	—	—
Other items ...	1	12	—
Total	14683	3	11

EXPENDITURE.	Rs. a. p.		
To Treasury Current acct. principal repaid ...	5-00	—	—
Depositors ...	5-00	—	—
„ Members, loan.	50	—	—
„ Govt. on acct. of interest ...	107 50	—	—
Depositors....	16 74	13	9
„ Printing charges ...	—	8	4
„ Establishment.	6	8	—
„ Contingencies	350	—	—
„ Other charges.	391	4	3
Total	225-	4	2
Cash in hand	14448	6	6
Total —	234	13	5
	14683	3	11

I Class. 1640 — — .
II 125- — —.
IV 655- — —
Total Rs 2420 — — amount of loans repaid —

Particulars of loans advanced

I 9850. — —
II 125- — —.
IV 775- — —.
10750- — — .

I Class Rs 1000 - a - c

IV Class Rs 50 - a - c

The aggregate amount of loan to a member shall not exceed Rs 2000 /-

no rules framed prescribing such limit to the value of the landed property mortgaged to the Bank -

12. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in Section 42 of the Articles of Association, the General Assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favor particular individuals, and had such instances produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non-application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

Note the sums obtained and used for the several purposes indicated in the appended form.

no

no -

The Darkhast Register has not been properly maintained.

It cannot be made out whether the loan amount has been used for the purpose as mentioned in the Darakhast. There is nothing to show that the board of directors have watched the application of the loans granted - The present agent & President say that they do not know how the loans obtained have been utilized by the members to whom they have been advanced -

Amount obtained.

	Rs.	a.	p.
1 To discharge encumbrances.	2430	"	"
2 To " other debts.			
3 For agricultural purposes.	8320	"	"
(a)			
(b)			
(c)			
(d) Land Revenue	61	13	4
	10811	13	4

These figures have been furnished by the agent - There is no record to substantiate it -

Amount spent.

	Rs.	a.	p.
1 For discharging encumbrances ..	2430	"	"
2 To discharge other debts ...			
3 For agricultural purposes ...	8320	"	"
(a)			
(b)			
(c)			
(d)			
4 For other purposes			
(a) Land Revenue	61	13	4
(b)			
(c)			
(d)			
	10811	13	4

13. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title-deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference, if any, with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts, &c., obtained had been produced, and in case of notable exceptions when they are expected to be produced.

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.

R. 8210-

120. 8330 - Rs 16925-

(5)

940 -

940 - Some of the previous mortgage deeds have been produced - no title deeds are forthcoming

Property mortgaged to the Bank is worth they say, Rs 16925-.

I Class loan Rs 9850.

II Class - Rs 125-

IV Class. Rs 775-

Sanctions are taken out of the members -

No such receipts & documents have been produced in the Bank and there seems to be no likelihood of them being produced hereafter

14. As regards punctuality, completeness or otherwise in the payment of dues by members, Note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the Bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears, if any, how explained and when expected to be paid.

(6)

no such punctuality is observed or enforced - It should say that almost all the members that have borrowed from the Bank are defaulters
(1) 8 - (2) 7 -
I Class overdue - Rs 4494.
IV Class Rs 120.
vide list appended -

It is said that on account of plague & death of principal the repayments are not regular. This cannot apply to all the cases -

Notices appear to have been issued in a few cases demanding the amount & no further action taken for the recovery -

15. As regards surplus, Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half-year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the Articles of Association or other provisions of law.

Yes

Yes - In some cases -

Yes - Rs 836 up to June/03 - Urgent Instances to pay up the balance of interest & the instalment amount in course of two or three months - The amount now at the credit of the Bank may be ordered to be drawn & paid towards interest & the rest towards the instalment -

15 - nil -

Interest to be recovered up to the end of June/03 Rs 1385-2-8. already recovered - Rs 1958-3-11

Nothing has been carried to the Reserve Fund nor a resolution passed on the subject by the General Assembly - The amount of surplus has been partly advanced as loans to others & the rest paid towards the interest due to Government & other Charges -

Yes - but not strictly adhered to -

explained -

No -

None -

The members do not seem to take interest in the Bank except the Agent and the President

No party feeling - There have been no meetings or resolutions since last inspection -

No -

17. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

The books show that the Board of directors have never met even once for transaction of business
No arrangements made -
B. Narasimha Char - President
Venkata Char agent
are the only two who are supposed to take any interest in the Bank -

18. As regards supervision, whether any and what arrangements the General Assembly had made for control and audit, are they effective and satisfactory.

No special arrangements have been made by the General assembly for supervision &c -

19. As regards registers and accounts, see appended list, note therein which of them is kept and how.

I.	Register of members	yes
II.	" of applications for loan	yes
III.	Cash book	yes
IV.	Ledger	yes
V.	Minute book	yes
VI.	Register of balance sheets	yes
VII.	Property register	no - loose sheets of some of the months
VIII	Register of monthly cash abstracts	yes - since opened presumed.
IX.	Register of bonds	yes
X.	Receipts by Bank	there is a new book with no entries
XI.	Depositors' ledger	yes
XII.	Treasury pass book	yes
XIII.	Chalan book	yes
XIV.	Cheque book	yes
XV.	Receipts by members to Bank	yes
XVI.	Register of Directors	yes - but not kept carefully
XVII.	Register of Directors' Proceedings	no -
XVIII	Register of appropriation of loans	no
XIX.	" of contingent expenses	No separate Register
XX.	" of disbursement of pay to establishment	no
XXI.	" of From letters	no
XXII.	" of To letters	
XXIII.	Visitors' book	

20. General remarks regarding the state of the Bank.

Remarks

Loans have been advanced to persons who had not paid their entrance fees on those dates for enlistment as members of the bank vide nos 5-8-10-11-13-14 15 & 18.

no admission fee has been received from those who are said to have since

joined the institution
Cash, Loan & Thrift account
books do not appear to be
checked by the Auditors.

Directors selected so far
back as 9.9.00 are said
to continue in office, there
being no resolution of
the general assembly on
the subject

(8)

For over two years
between 22-2-01 & 25-1-03
no meetings of members
have been held.

(9)

Attention has been
given to the irregularities
pointed out at the last
inspection as Conveyed
in Govt Proceedings No
R 421 dated 4th August/03

(10)

unless & until the Board
of Directors is reconstituted
and the Panchayat & apex
work with real interest &
zeal the Bank cannot be
brought to a State of
working order, its credit
cannot be improved and
it can never become one of
public utility - The Auditor
should be directed to inspect
every property hypothecated
to Government and have
them properly valued - A
report as to actual possession
and enjoyment at present is

seems to be very necessary.

Copies of all the irregularities and objections mentioned in the inspection reports should be furnished to the Bank with instructions for their future guidance.

The necessary of the overdue instalments with interest should be insisted upon and in default should be recovered in accordance with Regulation no II of 1903.

Unless the mistakes pointed out are rectified the impounments suspended are adopted and the repayments of loans and interest are insisted upon in due time or enforced according to the Regulation and the daily transactions are kept on, there seems to be no hope for the revival of the Bank

Asst Cooperative Officer
Myp. Dist

4						
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Minneapolis
31-8-03

(Gus:)

Mysore Govt. Gen. & Rev. Secretariat,
Revenue Branch.

Office Draft.

– Progs. of the Govt. of H. H. the Maharaja of Mysore.

File No. (if any) and its date — 41 — 1902

Serial No. — 4

Read:

Letter No. 456 dated 20th February 1904 from the Dy. Commissioner Shimoga District submitting report of inspection of the Agricultural Bank at Thandya

No. R 3651 — dated 28/5/04
RD-114-1895

Order:

Recorded with the following observations:

(1) The attention of the Bank should be drawn Para 6 of the Bye-laws of Association which requires that both the President and the Agent and not the Agent alone should be responsible for the safe custody of the cash, documents &c.

(2) The Bank should be warned to enforce punctual payment of its dues by members and establish its credit.

(3) Its relations with the Agent

Submitted to the Dewan through the 2nd Sr
20/5/04

Submitted to the Dewan Sahib for approval
20/5/1904

Approved
21/5/04

17851
21.V.04.

18782
22.V.04

23/5/04

8/6/1904

that no proposals have been received fixing the terms and the amount of each instalment for the repayment of the loan. The attention of the Dy. Commissioner is invited to the statement of repayment submitted with his letter No. 257 of 4th Nov. 1903 in which it is shown that the period of repayment from which repayment has to commence is June 1902. If this arrangement has not been intimated to the Bank it should be done now.

(4) The Bank has incurred heavy charges amounting Rs. 350 & 371 on account Establishment and contingencies respectively though little or no business was transacted by it. It should at once be asked to reduce these items of Expenditure.

(5) The Bank should be asked to obtain from its members discharged documents receipts &c for repayments of Principle debts and of the loans obtained from the Bank.

(6) The Bank should be told to draw the attention of the defaulting members to para 58 of the Articles of Association - and directed to recover at once the entrance fees from such of the members as have not yet paid them

(7) As regards the failure to hold meetings between the 22-2-01 and the 25-1-03 and to constitute new Board of Directors since

9-9-47 the attention of the Bank should be drawn to paras 9 and 27 respectively of the Articles of Association

(8) Early steps should be taken to reconstitute the Board of Directors and rectify the irregularities noted ~~in the Report~~ and to bring the affairs of the Bank to a working order within six months from this date. If real improvement be not shown within this period, Govt. will take measures for the recovery of the amounts advanced by it.

(9) The Auditor should be directed to inspect the Lands on mortgage to Govt and submit a correct list showing their description and Value.

10 The report of the Sub Division Officer of Tirunelveli Rocks, as to how far the Bank has set right the irregularities brought to light during the two previous inspections and as to the advisability of continuing

Uit post. loco aan Logger is aanwezig

B.O.

4e 23/5/04

11/5/04 Secretary 11 20/5/04

To 1e Dy. Commissioner
Cayne District

J.C. 21-5-04

Adm[illegible] 27-5-04